

South Ayrshire Council

**Report by Head of Finance, ICT and Procurement
to South Ayrshire Council
of 1 March 2023**

**Subject: Revenue Estimates 2023/24, Capital Estimates 2023/24
to 2034/35 and Carbon Budget 2023/24**

1. Purpose

- 1.1 The purpose of this report is to advise Members of the issues to be considered in setting revenue budgets for 2023/24, setting capital budgets for 2023/24 to 2034/35 and setting a Carbon Budget for 2023/24.

2. Recommendation

2.1 It is recommended that the Council:

- 2.1.1 notes the funding proposal as outlined by the Deputy First Minister and Cabinet Secretary for Covid Recovery's letter of 15 December 2022 (attached as Appendix 2);
- 2.1.2 notes the requirements in relation to protecting Teacher numbers, pupil support staff and learning hours as outlined in the Parliamentary statement by the Cabinet Secretary for Education and Skills on 7 February 2023 and confirmed in the letter from the Deputy Director: Workforce, Infrastructure and Digital of 9 February (attached as Appendix 3);
- 2.1.3 notes that the funding levels included within Finance Circular 11/2022 remain provisional until the Finance Order is approved in March/ April 2023;
- 2.1.4 presents and approves budget proposals for revenue and capital for 2023/24 taking account of the conditions of the settlement that need to be met and incorporating:
- (i) planned net revenue expenditure on services for 2023/24;
 - (ii) the level of reserves and fund balances held and contributions to/ from these;
 - (iii) the appropriate Band D Council tax levy for 2023/24 and associated level of bad debt provision for non-collection of Council tax;
 - (iv) the proposed capital programme for 2023/24 and beyond and associated debt charge implications; and
 - (v) consideration of the financial projections for 2024/25;

- 2.1.5 note the required remuneration for Basic Councillors and the Leader of the Council, as determined by The Local Governance (Scotland) Act 2004 (Remuneration), Amendment Regulations 2023, and include appropriate budget provision for all Elected Member remuneration for 2023/24;**
- 2.1.6 presents and approves proposals for Common Good budgets for 2023/24; and**
- 2.1.7 presents a Carbon Budget for the period 2023/24 in support of the Councils policies on Climate Change.**

3. Background

- 3.1 All Scottish Councils are required to set their Council tax levels for 2023/24 by 11 March 2023.
- 3.2 The grant settlement for 2023/24 was announced by the Scottish Government on 9 December 2022 with individual Council revenue and capital allocations provided in Finance Circular 11/2022.
- 3.3 As part of the 2022-23 pay negotiations the Scottish Government provided £260.6m of funding to Local Government to meet part of the anticipated increased cost. The remaining cost, estimated to be in the region of £140m, was to be met by Local Government through 'flexibilities' provided by the Scottish Government (as outlined in the Deputy First Minister and Cabinet Secretary for Covid Recovery's letter of 1 November 2022 to COSLA - attached as Appendix 1). The funding provided has been mainlined in to the 2023/24 settlement.
- 3.4 The settlement package as outlined by the Deputy First Minister and Cabinet Secretary for Covid Recovery's letter of 15 December 2022 (attached as Appendix 2) sets out various additional ringfenced funding allocations but also:
 - 3.4.1 that the significant additional funding allocated to Integration Authorities within the 2023/24 Local Government settlement should be additional and not substitutinal to each Council's 2022/23 recurring budgets for adult social care services that are delegated, therefore requiring the Council to passport the additional funding received for this purpose directly to the IJB; and
 - 3.4.2 confirms that Councils will have full flexibility to set the Council Tax rate that is appropriate for their local authority area.
- 3.5 In addition to the settlement terms referred to in 3.3 above, further conditions, as outlined in the Parliamentary statement by the Cabinet Secretary for Education and Skills on 7 February 2023 and confirmed in the letter from the Deputy Director: Workforce, Infrastructure and Digital of 9 February (attached as Appendix 3), were placed on Councils in early February 2023 relating to:
 - 3.5.1 maintaining teacher numbers and the number of pupil support assistants at their current levels in the year ahead;
 - 3.5.2 ensuring places remain available for probationer teachers who need them through the Teacher Induction Scheme;

- 3.5.3 ensuring there is no reduction in the number of pupil learning hours delivered by teachers in the school week; and
- 3.5.4 in the event of these requirements not being met, the Scottish Government will recover or withhold relevant monies allocated to individual authorities for these purposes. For South Ayrshire this could result in the withholding or recovery of allocated funds of £4.031m (as detailed in Appendix 2).

3.6 South Ayrshire Council's estimated Aggregate External Finance (AEF) funding for 2023/24, is as follows:

General Revenue Grant £m	Specific Grant £m	Total AEF Revenue £m	Capital £m
242.335	14.263	256.598	13.252

3.7 In October 2020, the Council considered an update on its Climate Change Policy and approved the recommendation that the Council formally aligns with national targets by adopting a 75% reduction in emissions by 2030 (based on our 2014/15 baseline) and a target of net zero greenhouse gas emissions by 2045 and in addition support the delivering of these targets by agreeing to set a carbon budget each year.

3.8 **Members Allowances**

3.8.1 Following the 'Review of Remuneration Arrangements for Local Authority Councillors' by the Scottish Local Authorities' Remuneration Committee, The Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 determined the remuneration levels payable to Councillors. Various amendments have been made since that time in accordance with sections 11 and 16(2) of the Local Government Act (Scotland) Act 2004 and Guidance was issued by Scottish Government in April 2010.

3.8.2 The Scottish Government has again amended these regulations by virtue of The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2023. The changes come into effect from 1 April 2023 and reflect the previous Scottish Government decision to increase Councillors' pay each year in line with the percentage increase in the median annual earnings of public sector workers in Scotland, as confirmed by the Office of National Statistics in the Annual Survey of Hours and Earnings.

4. **Proposals**

4.1 It is proposed that Members give consideration to the information contained in this report and present and approve budget proposals for revenue and capital for 2023/24 taking into account the background information as set out in para 3 above and the considerations contained in this para 4.

4.2/

4.2 **Revenue Budget 2023/24**

- 4.2.1 General Revenue Grant (GRG) funding for 2023/24 of £221.924m;
- 4.2.2 Specific grant of £14.263m incorporating funding for improving educational attainment, Gaelic initiatives, Early Learning and Childcare expansion and Criminal Justice Social Work, is due to be received in 2023/24;
- 4.2.3 In presenting revised budget proposals for revenue and capital, Members should reflect that the base net revenue expenditure of £269.442m for 2023/24 requires to be further adjusted to recognise the following:
- that £91.454m of the base net expenditure figure relates to the Health and Social Care Partnership delegated budget under the control of the Integrated Joint Board;
 - any spending implications linked to changes in Scottish Government specific grants;
 - any requests from Directorates to fund additional service pressures, including pay awards, identified for 2023/24;
 - any previously agreed savings or efficiency proposals that require to be implemented in 2023/24;
 - any new borrowing and interest and expenses thereon linked to proposed revisions to the capital programme;
 - any changes proposed in the level of contributions to or from funds;
 - the agreed use of £5.000m of retrospective PPP concessionary scheme accounting mechanism adjustment benefit approved by Council in December 2022 towards supporting the 2023-24 budget; and
 - the proposed use of any projected balances at 31 March 2023 (see para 4.3.1 below).

4.3 **Other Budget Issues**

- 4.3.1 **Projected Revenue and Fund Balances** - the projected uncommitted accumulated revenue and fund balances as at 31 March 2023 is estimated to be £9.368m, based on the information contained in revenue monitoring reports for the period to 31 December 2022.
- 4.3.2 **Council Tax Bad Debt Provision** - the Council requires to take a view on the level of non-collection of Council tax in the coming financial year. The level of provision currently being targeted in 2023/24 is 3 per cent.

4.4/

4.4 **General Services Capital Programme Considerations**

- 4.4.1 South Ayrshire's total Capital Grant allocation for 2023/24 is £13.252m, split between £10.185m General Capital Grant, £0.491m Specific Capital Grant for Cycling, Walking and Safer Streets and £2.576m of grant funding provided by the Scottish Government to be transferred to Revenue to support Local Government pay.
- 4.4.2 The approved capital programme requires to be adjusted to recognise the following:
- re-profiling of previously approved projects based on revised project timelines;
 - requests to increase/reduce spend on previously approved projects;
 - requests to fund new projects identified through the approved Capital Asset planning process for the period of the programme;
 - anticipated levels of capital receipts in the same period; and
 - the associated revenue costs of any borrowing.

4.5 **Members allowances**

- 4.5.1 The Amendment Regulation 2023 provides specific rates to be paid for basic Councillors, the Council Leader, the maximum amount that can be paid to the Civic Head and the amount to be paid to the Chair and/ or Vice Chair of the Ayrshire Valuation Joint Board.
- 4.5.2 Members require to include budget provision to pay the specified remuneration for Basic Councillors and the Leader of the Council and revised levels of remuneration for the Civic Head and Senior Councillors.

4.6 **Common Good Budget Considerations**

- 4.6.1 Revenue and capital budgets for the Ayr, Prestwick, Troon, Maybole and Girvan Common Good funds require to be set for 2023/24.
- 4.6.2 Girvan Common Good Fund continues to have insufficient resources to meet ongoing expenditure. The Council previously agreed to fund this expenditure.

4.7 **Budgets 2024/25 Onwards**

- 4.7.1 As financial settlement figures have only been provided for 2023/24, it is difficult to project the budget gaps for future years. The update to the Medium Term Financial Plan approved by Cabinet in November 2022 provided a number of possible scenarios depending on future settlement therefore it would be prudent for Elected Members to continue the process of taking budget decisions having regard to indicative figures for future years. It is therefore essential that early discussion and engagement takes place following approval of the 2023-24 budget.

4.8 **Carbon Budget 2023-24**

4.8.1 The Council has agreed to implement a carbon budget from 2021/22 onwards in order to support the delivery of its approved climate change targets. A carbon budget should incorporate the following:

- a recognition of what generates a service area's emissions and why;
- a cross-organisation, service focused investigation of how we can change these emissions; and
- an approach that will support service leads to identify and vocalise their future carbon needs.

5. **Legal and Procurement Implications**

5.1 The Council is required to set the 2023/24 Council tax level by 11 March 2023.

5.2 There are no procurement implications arising from this report.

6. **Financial Implications**

6.1 As outlined above.

7. **Human Resources Implications**

7.1 None directly from this report although the budget proposals brought forward by Members may include staffing changes.

8. **Risk**

8.1 ***Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations within the covering report; however, in developing budget proposals, Members should consider the recent increasing risk around pay inflation, energy cost increases and inflation rates in general.

8.2 ***Risk Implications of Rejecting the Recommendations***

8.2.1 If the terms and conditions of the settlement, as outlined in the Deputy First Minister and Cabinet Secretary for Covid Recovery's letter of 15 December 2022 and the letter from the Deputy Director: Workforce, Infrastructure and Digital of 9 February, are not adhered to, then there is a risk that a less favourable offer will be made.

9. **Equalities**

9.1 The specific proposals in this report have been assessed through the Equalities Impact Assessment Scoping process, and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 4. Any savings proposals brought forward as part of

Members' budget considerations would require a separate Equalities Impact Assessment.

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report contribute to Commitment 1 of the Council Plan: Fair and Effective Leadership/ Leadership that promotes fairness.

13. Results of Consultation

- 13.1 Budget information has been provided through social media communication routes between December 2022 and February 2023.
- 13.2 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and Councillor Ian Davis, Portfolio Holder for Resources and Performance, and the contents of this report reflect any feedback provided.
- 13.3 Discussions on the financial situation have taken place with the trade unions, and further discussions will take place through the JCC process following approval of the 2023/24 revenue budget.

14. Next Steps for Decision Tracking Purposes

- 14.1 If the recommendations above are approved by Members, the Head of Finance, ICT and Procurement will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Budget papers published on The Core	2 March 2023	Head of Finance, ICT and Procurement
Approved budgets will be incorporated in 2023/24 financial planning and management process	1 April 2023	Head of Finance, ICT and Procurement

Background Papers **Report to Cabinet of 29 November 2022 – [Medium Term Financial Plan Update](#)**

Report to Leadership Panel of 15 February 2023 – [Budget Management – Revenue Budgetary Control 2022/23 – Position Statement at 31 December 2022](#)

[Scottish Government Finance Circular 11/2022](#)

[The Local Governance \(Scotland\) Act 2004 \(Remuneration\) Amendment Regulations 2023](#)

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Date: 22 February 2023

An Leas-phrìomh Mhinistear agus Ath-shlànachadh
Cobhid
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Resources Spokesperson
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Copy to: Sally Loudon (sally@cosla.gov.uk) and
Sarah Watters (sarah@cosla.gov.uk)

1 November 2022

Dear Katie

I am writing further to my commitment to consider the scope for policy flexibilities which can support the challenging resource position facing councils as a result of the 2022-23 pay deal.

We all recognise the challenging financial context and significant inflationary pressures caused by the UK Government's fiscal approach and wider external factors that will continue to affect us all in the year to come. With the recently agreed local government pay deal, the Scottish Government recognises that councils will be required to make difficult decisions locally in order to balance their budgets, continue to deliver statutory services, and provide the support that our communities require.

It is for individual councils, as democratically elected bodies, to consider the needs of their communities with a focus on the most vulnerable, their legal obligations and the totality of resource funding available to them, and to then take the decisions necessary, openly and transparently, to operate as effectively as possible within this context. In doing so, I would request that councils remain mindful of our shared priorities in the National Performance Framework. Where funding is provided as specific revenue grant (and therefore legally ring-fenced), councils should engage with the relevant Scottish Government directorate.

I would also note that the decision by the UK Government to scrap the National Insurance rise will result in a reduced financial burden on employers, including in the public sector. At the time of the passage of the 2022-23 Budget Bill, councils highlighted a circa £70 million pressure created by employer National Insurance Contributions (eNICs), the Scottish Government added a further £120 million during Stage 2 of the Bill in recognition of this and other pressures facing councils.

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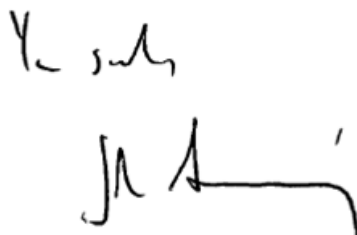
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Therefore, this change in policy by the UK Government will create a benefit to councils, we estimate that for the remainder of 2022-23 this could provide headroom in the region of £20 million. I am sure that many councils will already be considering how they can redeploy this headroom, ahead of considering other savings which may impact on services.

As we progress our discussions on a New Deal for Local Government, I am keen that we explore opportunities for public service reform, revenue raising options and efficient use of all available public resources to support delivery of the services on which our communities rely. It will also be important to reach early agreement on an outcomes-based approach that enables all of us to continue to be accountable to citizens, businesses and communities for the funding decisions we make at national and local level.

I look forward to shortly commencing the pre-budget engagement with you which I will be undertaking this year on behalf of the Cabinet Secretary for Finance and the Economy.

A handwritten signature in black ink, appearing to read 'John Swinney', written in a cursive style.

JOHN SWINNEY

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Copy to: Councillor Steven Heddle
The Leaders of all Scottish local authorities

15 December 2022

Dear Shona,

Today I formally set out the Scottish Government's proposed Budget for 2023-24 in a statement to the Scottish Parliament. I write now to confirm the details of the local government finance settlement for 2023-24.

As discussed when I met with you, the Resources Spokesperson, and Group Leaders on 1 December, we are facing the most challenging budget circumstances since devolution. This is primarily due to over a decade of austerity eroding financial settlements from Westminster, compounded by the impact of Brexit and the disastrous mini-budget. Scottish and local government are experiencing unprecedented challenges as a result of the UK Government's economic mismanagement, resulting in rising prices and soaring energy bills, with inflation estimated to be running at a 41 year high of 11.1% at the time of the Chancellor's Autumn Statement.

My Cabinet colleagues and I have engaged extensively with COSLA Leaders and spokespersons over the course of the year and there is collective understanding that this economic context is also having a significant impact upon local authorities. Councils, like the Scottish Government and rest of the public sector, are working hard to support people through the cost crisis. In this regard we are hugely grateful to councils for their hard work and we fully appreciate that no part of public life has been immune from taking deeply difficult decisions to live within the current fiscal reality.

I have already taken the unprecedented step of making a statement to Parliament to reprioritise over £1.2 billion of funding as part of my Emergency Budget Statement. Despite the scale of that challenge the Scottish Government actively chose to protect Councils during

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that exercise and increased the funding available to councils whilst most other portfolios were required to make significant savings.

The Scottish Government's revenue raising powers offer limited flexibility to deal with challenges of this magnitude. I wrote to the Chancellor on 19 October to highlight the impact of inflation on the Scottish Government's budget and to call for additional funding to help us deal with these inflationary pressures and to support public services.

As we face these challenges, and in the absence of meaningful change in direction by the UK Government, we need to work together to ensure that we deliver for people within the financial constraints we have. I very much welcomed the open discussion on 1 December about how we focus our efforts on our shared priorities, and to that end we are offering to jointly develop an approach to working within this budget which delivers our ambitions.

The Local Government Settlement

Before turning to that offer, I will first set out how I have sought to support local government through the budget itself.

The Resource Spending Review guaranteed the combination of General Revenue Grant and Non-Domestic Rates Income at existing levels between 2023-24 and 2025-26 including the baselining of the £120 million that was added in Budget Bill 2022-23. The Budget delivers those commitments in full, despite the fact that the UK Government's Autumn Statement reversed their previous position on employer National Insurance Contributions resulting in negative consequentials. This decision has conferred around £70 million of additional spending power for local government.

The difficult decisions in the Emergency Budget Statement provided one-off additional funding to support enhanced pay deals for local government staff. We recognise the role that increasing pay for local authority employees, especially those on lower incomes, plays in helping more people cope with the cost crisis, but the fact remains that every additional pound we spend on recurring pay deals, must be funded from elsewhere within the Scottish Government budget. I therefore hope that councils will welcome the fact that the budget baselines the additional £260.6 million allocated in 2022-23 to support the local government pay deal and also delivers additional funding to ensure that payment of SSSC fees for the Local Government workforce will continue to be made on a recurring basis.

Despite the challenging budget settlement I have sought to increase funding as much as I can. I have been able to increase General Revenue Grant by a further £72.5 million, taking the total increase to over £550 million. I have also ensured that we have maintained key transfers worth over £1 billion and added a further £102 million of resource to protect key shared priorities particularly around education and social care.

The Resource Spending Review also confirmed the outcome of the 2021 Capital Spending Review and this has been supplemented by £120.6 million mentioned as part of the support to the local government pay deal plus a further £50 million to help with the expansion of the Free School Meals policy.

With regards to that wider settlement, we are providing £145 million to be used by councils to support the school workforce. The Cabinet Secretary for Education and Skills has written separately to COSLA on this matter.

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I am also very grateful for the work undertaken through the Early Learning and Childcare Finance Working Group to develop and scrutinise detailed analysis of the delivery costs for the 1140-hour commitment. This is crucial to ensuring we meet our shared commitment to providing transparency and value for money in a significant programme of public sector investment. The Early Learning and Childcare settlement for 2023-24 takes account of significant declines in the eligible population in recent years and makes provision for important policy and delivery priorities based on feedback from COSLA and local government colleagues.

As set out in separate detailed communications, the Health and Social Care Portfolio will transfer net additional funding of £95 million to Local Government to support social care and integration, which recognises the recurring commitments on adult social care pay in commissioned services (£100 million) and inflationary uplift on Free Personal Nursing Care rates (£15 million). This is offset by the non-recurring interim care money ending (£20 million).

The overall transfer to Local Government includes additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services, in line with Real Living Wage Foundation rate.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2022-23 recurring budgets for services delegated to IJBs and therefore, Local Authority social care budgets for allocation to Integration Authorities must be at least £95 million greater than 2022-23 recurring budgets.

The consolidation of funding into the new £30.5 million homelessness prevention fund not only reflects the importance local and national government jointly place on homelessness prevention and earlier intervention, but also simplifies the homelessness funding landscape. This provides more flexibility for council and greater clarity for citizens who want to understand how national and local government are working jointly to improve outcomes.

In total, including the funding to support the devolution of Empty Property Relief, the budget increases the local government settlement by over £550 million relative to the Resource Spending Review position.

I am conscious of the position you set out to me, and the challenges which councils will still face, like all parts of the public sector, in meeting current and emerging demands from within this budget. Therefore, I am offering to continue to work with you with real urgency in the coming weeks to determine how we might jointly approach these challenges and ensure sustainable public services to support our shared priorities now and in the future.

Delivering for People and Communities by Working Together Flexibly

Through the Covid Recovery Strategy, Scottish Government and Local Government, committed to work together to address the systemic inequalities made worse by Covid, to make progress towards a wellbeing economy, and accelerate inclusive person-centred public services.

We must sustain this focus on the outcomes we care most deeply about, in particular:

- i) tackling child poverty,

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- ii) transforming the economy to deliver net zero, and
- iii) sustaining our public services.

No single part of the public service landscape can deliver these outcomes alone. We need to work in partnership to deliver outcomes for people and places across Scottish and local government as our two spheres of government, recognising our joint accountability for change. Local service providers have the critical relationships with people and communities and must be empowered and enabled to organise services around their needs, rather than the funding stream, policy area or body delivering. By doing so, we will collectively reduce complexity and barriers for people, deliver improved outcomes and reduce inequalities among communities in Scotland, and enable the fiscal sustainability of key public services.

Strong local leadership will make this approach work in practice, supported by a national vision and learning from good practice. Community Planning Partnerships are the mechanism in which we need to see a collective and intensive effort to align available resources into prevention and early intervention focused on delivering shared outcomes for people and place. Local authorities have the leading, critical role in CPPs, but CPPs also involve a range of public bodies which must play their part, alongside local third sector and community bodies.

The Scottish Government is committed to building trust and maximising benefits for our citizens and communities. We will act to:

- align budgets to maximise impact on outcomes;
- remove barriers which hinder flexibility in funding, and in the design and delivery of services around people, helping to embed the service changes flowing from this;
- require our partner public bodies and agencies to work collaboratively within CPPs to deliver shared outcomes, take action to address local priorities and align local funding, this will be supported by our Place Director network;
- enable third sector partners to participate and contribute in local plans, including through flexible funding.

Local authorities are key partners in this endeavour. Through COSLA, we will invite local authorities to work with us to:

- prioritise spending to agreed key outcomes for which we are jointly accountable, with clarity as to the way in which we will work together to secure and measure success;
- ensure that joint plans of activity across Community Planning Partnerships can deliver those outcomes in a way which reflects the needs of a local communities, and to robustly account for delivery of these plans;
- share resources across CPPs to deliver these activities in whatever way is most effective;
- continue to share and learn from best practice nationally and locally to embed person centred approaches that work for individuals and communities, and reduce barriers and duplication in our joint systems.

We will seek to agree jointly how to put this commitment into operation practically over the coming months and to develop robust assurance that demonstrates delivery of critical priorities and reform. We need to be data driven and transparent, reflecting the accountability which comes with responsibility. Scottish and Local Government need to agree metrics and mechanisms for monitoring impact and outcomes, so that intervention and resource can be

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targeted where it is most needed to secure improvement. This will include seeking to reduce unnecessary reporting.

This approach is aimed at building trust and relationships and as well as adopting it through this budget, it will be reflected in the partnership agreement that will underpin the New Deal for Local Government set out in the Resources Spending Review. In order to offer flexibility across funding and work towards removal of ring fencing, the Scottish Government will need clear commitment from local government about delivery of agreed joint outcomes.

The Cabinet Secretary for Social Justice, Housing and Local Government would welcome an initial discussion on this when you meet next week at the Strategic Review Group, in order to pave the way for work at pace among our officials.

Non-Domestic Rates and Other Local Taxation Measures

As Leaders will be aware, the 1 April 2023 marks the date of the next Non-Domestic Rates revaluation, and the first to reflect the reforms introduced by the independent Barclay Review of Non-Domestic Rates. These reforms, including the move to three-yearly revaluations and a one-year tone date, will ensure that property values more closely align with prevailing property market conditions in Scotland.

The Budget freezes the poundage and acknowledges the impact of the revaluation by introducing a number of transitional reliefs to ensure that any properties which see significant increases in their rates liabilities following the revaluation do so in a phased manner. The Barclay Review also recommended a number of reforms to the Non-Domestic Rates appeals process which are critical to ensuring the deliverability of the three-yearly revaluation.

The new two-stage appeals process will commence on 1 April 2023 alongside the transfer of functions of Valuations Appeals Committees to the Scottish Courts and Tribunals Service. The Non-Domestic Rates (Scotland) Act 2020 and subsequent regulations have, amongst other things, provided Assessors and Councils with greater information-gathering powers and have also increased the transparency of the process for ratepayers including, for the first time, the provision of draft values on 30 November 2022. These reforms are intended to reduce the reliance on the formal appeals process to deliver accurate rateable values and the Act also provided a legal basis for the pre-agreement of values.

Many of the reforms of the Barclay Review seek to incentivise behaviour changes to deliver a more effective and efficient system. Reflecting the ability to pre-agree values and the importance of building resilience in the new appeals system to support the transition to more frequent revaluations, Ministers plan to make administrative changes to the funding treatment of appeals associated with public sector bodies, including councils.

The current system essentially sees the public sector challenge other parts of the public sector with private sector advisor fees effectively extracting resources from public services. The conclusion of the process determines funding allocations outside the remit of the annual budget framework with successful public bodies benefiting financially to the detriment of other ratepayers and public services. The volume of public sector appeals also serves to delay access to justice for other appellants.

Ministers do not believe that this offers value for money for the public. Whilst the right to propose and appeal will remain, to incentivise the use of the pre-agreement powers and

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discourage the continued reliance on the formal appeals process, from 1 April 2023, all bodies, including councils, who receive their funding through the Scottish Government budget process, will see the financial incentive for proposing and appealing removed.

Where a property occupied by a public body is subject to a successful proposal or appeal, the financial benefit from the reduction in rateable value will result in a downward re-determination of revenue allocations at a subsequent fiscal event. On this basis, Ministers will be encouraging all public bodies to begin the process of pre-agreement with their local assessors ahead of 1 April 2023 to ensure that values are accurate prior to the start of the revaluation and that this approach be adopted by default for future revaluations.

The Non-Domestic Rates (Scotland) Act also had the effect of abolishing Empty Property Relief as agreed with the Scottish Green Party a part of the 2019-20 Budget process. Unoccupied properties will therefore be liable for full rates from 1 April 2023 if relief is not available under a local scheme. To effectively devolve responsibility for the relief and provide greater fiscal empowerment for council, as agreed by the Settlement and Distribution Group, the budget provides an additional £105 million of General Revenue Grant, significantly more than the cost of maintaining the national relief in light of the subsequent decision to freeze the poundage.

In addition, following consultation with members of the Institute of Revenues, Rating and Valuation, we will bring forward regulations intended to empower councils to tackle rates avoidance more effectively. In combination, the funding transfer and the proposed new powers will provide significant additional fiscal flexibility to councils to administer support for unoccupied properties in a way that is tailored to local needs.

Furthermore, I can confirm that the Scottish Government will not seek to agree any freeze or cap in locally determined increases to Council Tax, meaning each council will have full flexibility to set the Council Tax rate that is appropriate for their local authority area. I do hope that councils will reflect carefully on the cost pressures facing the public when setting council tax rates.

We are also committed to expanding councils' ability to raise additional revenues and discussions among our respective officials have commenced to identify a structured approach to future potential local taxes. At the same time, councils now have the power to establish local workplace parking levy schemes and our work to introduce a local visitor levy bill in this parliamentary session is on track.

Finally, I am conscious that, while it is not directly applicable to Local Government pay negotiations, many stakeholders have used Public Sector Pay Policy as a reference point in previous years. For this reason, I feel it is important to highlight to you that we have taken the decision not to announce pay uplifts or publish a Public Sector Pay Policy for 2023-24.

There are a number of reasons for this, not least among them the desire to approach pay negotiations differently for 2023-24, the imperative for reform and the need to ensure the sustainability of public sector pay and workforce arrangements. This does not change our view that our job in the midst of a cost crisis is not to press down on pay, particularly the most vulnerable. We will be sharing further guidance in relation to 2023-24 pay at an appropriate point in the new year which is likely to be considered by Trade Union colleagues relevant in Local Government pay negotiations, if you agree I will ask my officials to engage

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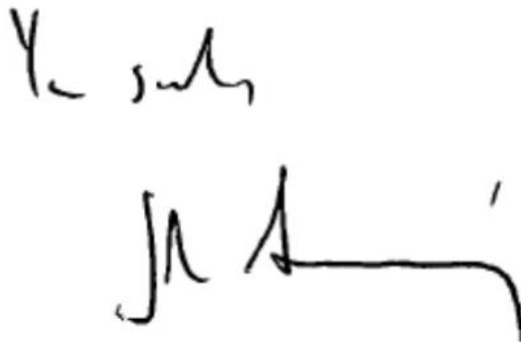


with COSLA officers as this develops to determine if you might wish to formally endorse or adopt it.

I am under no illusions about the challenging fiscal environment we face across all of our public services over the next few years but I have sought to protect the local government settlement as far as possible with an overall settlement of over £13.2 billion. The budget goes significantly beyond the commitments made in the Resource Spending Review. It provides substantive additional funding and it does not pass on the negative consequential for employer national insurance contributions resulting from of the Autumn Statement. Importantly, it provides a number of fiscal and policy flexibilities. Alongside the settlement, I hope my offer to build on the Covid Recovery Strategy will be warmly and urgently received, to enable us to make urgent progress on the New Deal.

I want us to work in partnership, to build on the Covid Recovery Strategy and agree an approach which improves delivery of sustainable public services, designed around the needs and interests of the people and communities of Scotland, at its heart.

I would welcome confirmation that you are supportive of the proposed joint work outlined above and I look forward to working with COSLA and Leaders in the months ahead to deliver on our shared priorities.



JOHN SWINNEY

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**Local Authority Chief Executive
Directors of Education
Directors of Finance**

9 February 2023

Protecting teacher numbers, pupil support staff and learning hours

Teacher numbers

1. Following the Cabinet Secretary's statement to Parliament on 7 February, you will now be aware that we have taken steps to ensure that the current level of teachers and support staff are maintained. In addition, we also indicated our intention to introduce legislation to standardise learning hours for pupils. The purpose of this letter is to confirm the position for your local authority and to set out the implications for local government finance settlement for 2023-24.

2. As you will be aware, in 2022/23 we provided additional funding of £145.5 million to local authorities to support the recruitment of additional teachers and support staff.

3. Following a drop in teacher numbers as published in the Summary Statistics for Schools in December 2022, the Cabinet Secretary set out in her statement to Parliament the actions we have taken to:

- maintain teacher numbers and the number of pupil support assistants at their current levels in the year ahead, as we continue to work towards our aim to increase teacher numbers by 3,500 and support staff by 500 by the end of this Parliament.
- Ensure places remain available for probationer teachers who need them through the Teacher Induction Scheme.
- Ensure there is no reduction in the number of pupil learning hours delivered by teachers in the school week.

4. You will be aware that local authorities already receive £88 million per year to (i) maintain teacher numbers and (ii) provide places on the Teacher Induction Scheme for all

probationers who need one (£37 million of the £88 million is held back by as undistributed funding in the annual local government finance settlement for this specific purpose). In addition, we are providing a further £145.5 million each year from 2022/23 explicitly to fund teacher numbers and pupil support staff.

5. This funding will be maintained in full, but from 1 April 2023 both components (giving a total allocation in 2023-24 of £233.5 million) will now be conditional upon the successful delivery of the following expectations:

- Maintain teacher numbers at 2022 census levels, as published in the Summary School Statistics in December 2022 (details provided at Annex A).
- Maintain pupil support staff numbers at 2022 census levels, which we will publish on 21 March 2023 based on the data collected from local authorities in September 2022.
- Ensure that places remain available for probationer teachers who need them through the Teacher Induction Scheme

6. Of this total of £233.5 million, £151 million will be distributed as normal and included in the Local Government Finance (Scotland) Order 2022/23 for delivering the first two of these expectations. A further £45.5 million will also be distributed as a redetermination of General Revenue Grant in the last two weeks of March 2024 subject to confirmation that those conditions above have been met in full by each local authority. The remaining £37 million will continue to be distributed depending on the number of teachers that receive a place on the Teacher Induction Scheme in August 2023 as has been the case in previous years.

7. A full breakdown of the teacher numbers we expect to be maintained, both nationally and locally, is attached at Annex A, with the relevant financial allocations set out in Annex B. Details of the figures for Pupil Support Staff will be provided in March when the 2022 statistics are published. In the event of these requirements not being met, the Scottish Government will recover or withhold relevant monies allocated to individual authorities for these purposes.

8. The number of teachers we expect South Ayrshire local authority to maintain is 1,164

Financial allocations are as follows:

Local Authority	£51m	£100m	£45.5m*
South Ayrshire	1.098	2.016	0.917

9. We are working with COSLA to reach agreement on what monitoring arrangements will be put in place, but it is likely to be quarterly in line with previous monitoring and include, but not be limited to, the data collection for the 2023 school census.

10. For completeness, all grant funding streams to local authorities and schools through the Scottish Attainment Challenge programme remain bound by their existing grant conditions and should be targeted towards supporting children and young people impacted by poverty. This includes Pupil Equity Funding, where headteachers should continue to be empowered to invest their PEF to support the children and young people impacted by poverty.

Learning Hours

11. Similarly, we have made clear our serious concern that any reduction in learning hours for pupils, reportedly considered by some local authorities due to pressure on budgets, would have a significant negative impact on children and young people, and on their families.
12. We propose to commence section 21 of the Education (Scotland) Act 2016, which confers powers on the Scottish Ministers to specify by regulations the minimum number of learning hours which must be made available to pupils in a school year. We intend to consult shortly on proposals to make regulations under that power which would ensure that there is no reduction in the number of learning hours made available to pupils.
13. Decisions over the delivery of the school week are primarily for local authorities and we am aware that many authorities have already used a degree of flexibility in order to adapt provision, for example, to implement an asymmetric week. We would not intend to restrict that flexibility, but to ensure that the current levels of provision, which are so important to pupils and parents, are protected.
14. It will be important to gather accurate information on current provision in order to inform our consultation and ensure that new regulations would have their intended effect. Officials have prepared short surveys that local authorities are asked to complete via SmartSurvey to provide information on the number of learning hours per week currently taught in schools. The surveys can be accessed here:

Primary schools - <https://www.smartsurvey.co.uk/s/4M7LJ6/>
Secondary schools - <https://www.smartsurvey.co.uk/s/53W3L7/>
Special schools - <https://www.smartsurvey.co.uk/s/60KAF4/> .

We would be grateful if these are completed by **Wednesday, 22 February**.



Sam Anson
Deputy Director: Workforce, Infrastructure & Digital

Teacher FTE from the 2022 census (as published in December 2022) including ELC.	
Local Authority	FTE
Aberdeen City	1,836
Aberdeenshire	2,747
Angus	1,156
Argyll and Bute	835
City of Edinburgh	3,725
Clackmannanshire	556
Dumfries and Galloway	1,389
Dundee City	1,395
East Ayrshire	1,243
East Dunbartonshire	1,393
East Lothian	1,031
East Renfrewshire	1,393
Falkirk	1,651
Fife	3,724
Glasgow City	5,779
Highland	2,356
Inverclyde	781
Midlothian	1,081
Moray	977
Na h-Eileanan Siar	320
North Ayrshire	1,434
North Lanarkshire	3,726
Orkney Islands	257
Perth and Kinross	1,419
Renfrewshire	1,780
Scottish Borders	1,067
Shetland Islands	339
South Ayrshire	1,164
South Lanarkshire	3,516
Stirling	974
West Dunbartonshire	950
West Lothian	2,075
All local authorities	*54,071

* This total does not include teachers in grant -aided schools.

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Local Authority	£51m	£100m	£45.5m*
Aberdeen City	1.732	3.446	1.568
Aberdeenshire	2.591	5.065	2.305
Angus	1.091	2.094	0.953
Argyll and Bute	0.787	1.482	0.674
City of Edinburgh	0.525	0.938	0.427
Clackmannanshire	1.310	2.743	1.248
Dumfries and Galloway	1.316	2.754	1.253
Dundee City	1.172	2.278	1.036
East Ayrshire	1.314	2.267	1.031
East Dunbartonshire	0.972	2.027	0.922
East Lothian	1.314	2.306	1.049
East Renfrewshire	3.514	7.256	3.302
Falkirk	0.302	0.494	0.225
Fife	1.557	3.052	1.389
Glasgow City	3.512	7.076	3.219
Highland	5.451	11.314	5.148
Inverclyde	2.223	4.413	2.008
Midlothian	0.736	1.439	0.655
Moray	1.019	1.869	0.850
Na h-Eileanan Siar	0.921	1.689	0.769
North Ayrshire	1.353	2.602	1.184
North Lanarkshire	3.514	6.868	3.125
Orkney Islands	0.243	0.440	0.200
Perth and Kinross	1.338	2.478	1.128
Renfrewshire	1.679	3.282	1.493
Scottish Borders	1.007	2.018	0.918
Shetland Islands	0.319	0.518	0.236
South Ayrshire	1.098	2.016	0.917
South Lanarkshire	3.317	6.449	2.934
Stirling	0.919	1.779	0.810
West Dunbartonshire	0.896	1.740	0.792
West Lothian	1.957	3.808	1.733
All local authorities	51.000	100.000	*45.50

*To be withheld subject to conditions being met

South Ayrshire Council Equality Impact Assessment Scoping Template

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. FSD Guidance for Public Bodies in respect of the Duty, was published by the Scottish Government in March 2018 and revised in October 2021. See information here: <https://www.gov.scot/publications/fairer-scotland-duty-guidance-public-bodies/>

1. Policy details

Policy Title	Revenue Estimates 2023/24, Capital Estimates 2023/24 to 2032/33 and Carbon Budget 2023/24
Lead Officer (Name/Position/Email)	Tim Baulk, Head of, Finance ICT and Procurement – tim.baulk@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	-
Disability	-	-
Gender Reassignment (Trans/Transgender Identity)	-	-
Marriage or Civil Partnership	-	-
Pregnancy and Maternity	-	-
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	-
Religion or Belief (including lack of belief)	-	-

Community or Groups of People	Negative Impacts	Positive impacts
Sex – (issues specific to women & men or girls & boys)	-	-
Sexual Orientation – person’s sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	-
Thematic Groups: Health, Human Rights & Children’s Rights	-	-

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage i.e. The Fairer Scotland Duty (This section to be completed for any Strategic Decisions). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	-
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	-
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	-
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	-
Socio-economic Background – social class i.e. parent’s education, employment and income	-	-

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low

